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S E C R E T SECTION 01 OF 04 TEL AVIV 002635

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SUBJECT: U/S BURNS' AUGUST 15 MEETING WITH ISRAELI DEPUTY
PRIME MINISTER MOFAZ FOCUSES ON LEBANON AND IRAN

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b)(d).

SUMMARY

11. (S) In an August 15 meeting, Israeli Deputy Prime Minister Shaul Mofaz and Under Secretary Burns discussed the Memorandum of Understanding on security assistance to Israel that would be signed the following day, U.S. efforts to ensure that security assistance to Arab partners would not jeopardize Israel's Qualitative Military Edge (QME), the Strategic Dialogue (SD), UNSCR 1701 implementation, and sanctions on Iran. Mofaz reiterated Israeli concerns about U.S. sales of sophisticated weapons systems to Saudi Arabia, but signaled his agreement with the GOI's decision not to oppose the proposed sales. He praised the bilateral Strategic Dialogue as a forum to discuss issues of vital strategic importance to the U.S. and Israel, and asked the Under Secretary to return to Israel in October for the next round of the SD. Mofaz reiterated Israeli concerns about the continued smuggling of long-range rockets to Hizballah in Lebanon, and suggested that U.S. and EU assistance to the Lebanese Armed Forces (LAF) be conditioned on deployment of the LAF to the Lebanon-Syria border -- a decision that PM Siniora should be encouraged to make. Mofaz claimed that Hizballah maintains a presence in southern Lebanon, is building up a second front north of the Litani River, and now possesses more long-range rockets than it had before the previous summer's war. On Iran, Mofaz urged tougher financial sanctions to increase pressure on Iran's leadership.

12. (S) In response, the Under Secretary agreed to return to Israel in October for the next SD session, and said he would bring with him more ideas about how to address outstanding problems in UNSCR 1701 implementation. On Iran, Under Secretary Burns agreed that more could be done to discourage

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it from pursuing its nuclear weapons program, but observed that Russia and China appear reluctant to follow the U.S. lead in drafting a third UNSC sanctions resolution, especially while IAEA DG El-Baradei carries out a dialogue with Iranian negotiator Larijani. The Under Secretary suggested that a number of key Europeans could be more helpful, but could use some prodding, and that Israel might be able to assist in this manner. END SUMMARY.

PREVIEWING THE SECURITY ASSISTANCE MOU

13. (S) Under Secretary Burns said that he was visiting Israel to sign a Memorandum of Understanding (MOU) on USD 30 billion of assistance that the U.S. would supply to Israel from FY2009 through FY2018. The Under Secretary said he hoped it would be seen by Israelis and people in the region as America's commitment to Israel's security. He noted that the U.S. has decided to continue providing Egypt USD 1.3 billion in security assistance annually, and will soon begin negotiations on security assistance with Saudi Arabia, Kuwait, Bahrain, the UAE and Qatar. Mofaz thanked the Under Secretary and the USG for America's support of Israel, and

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expressed his hope that the assistance would enhance and preserve Israel's Qualitative Military Edge (QME) over existing and potential adversaries.

14. (S) Under Secretary Burns assured the Minister that the U.S. would take "mitigating measures" on weapons systems, like JDAMs bound for Saudi Arabia, to ensure Israel's QME. Acting Assistant Secretary for Defense Long promised to keep the Israelis informed about discussions the U.S. would have with Saudi Arabia on the "mitigating measures," and stressed that fulfilling the assistance package to the Saudis would be a long process, with some weapons systems being delivered ten years out. She expressed USG appreciation for the Israeli side's flexibility and understanding in the QME discussions. Israeli Ambassador to the U.S. Salai Meridor replied, "Our concerns have been met. We will not oppose your deal with the Saudis."

15. (S) Responding to Mofaz's question as to what the Saudis are seeking from the U.S., A/ASD Long said that the Saudis have not yet supplied the U.S. with a list of desired weapons systems, and that the USG is waiting for more details from

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them. Mofaz urged caution regarding the supply of JDAMs and "attack support systems" to Saudi Arabia. Raising the specter of sudden regime change and its implications, he reminded all present that in 1978, Iran under the Shah was considered one of Israel's best friends. A/ASD Long replied that, per an understanding reached with Israel, the U.S. has undertaken obligations to carry out follow-on, end-use monitoring through regular checks on weapons systems supplied to the Saudis. She added that most of what the U.S. would give to Saudi Arabia would be used by its Eastern Mediterranean Fleet.

LEBANON AND UNSCR 1701

16. (S) On Lebanon and UNSCR 1701, Mofaz said that Israel is very worried about what he described as the daily flow of long-range rockets from Iran through Syria to Hizballah in Lebanon, and claimed that Hizballah now has more long range rockets with better capabilities than it had prior to last summer's war. He expressed skepticism that Lebanon, the UN Security Council or UNIFIL would take any action or were capable of stopping the transfers. Mofaz claimed that at the June Strategic Dialogue, there was agreement that, because the U.S. supports Lebanon, it would ask Lebanon to place forces along the Syria-Lebanon border with U.S. and European support. Mofaz added that he does not believe Siniora would order the Lebanese Armed Forces (LAF) to deploy along the border without a push and support from the U.S. He said that enforcing the Syrian-Lebanon border should be a pre-condition to U.S. and EU materiel support for the LAF.

17. (S) Mofaz expressed skepticism that either UNIFIL or the LAF would dismantle Hizballah, and pointed to the group's presence in southern Lebanon -- and its activity north of the Litani River -- as evidence backing of this. Mofaz stressed

that the UNSC, the U.S. and the EU need to do more to ensure full implementation of UNSCR 1701, and said he would share some recent ideas on how to improve 1701 implementation.

18. (S) Under Secretary Burns stressed that Lebanon is one of the USG's top priorities, and that PM Siniora needs to be fortified. If Siniora and his supporters succeed in the upcoming elections, then the U.S. could proceed with supplying the LAF with much-needed military assistance. The Under Secretary said that in the USG's view, UNIFIL has performed in Lebanon better than anyone had expected, but acknowledged that the Syria-Lebanon border and crossing points constitute an "Achilles heel" in efforts to bolster Lebanon's sovereignty. Germany, which has taken the lead in peacekeeping efforts along the Lebanese border, had not yet been able to resolve this problem. Acting PM Assistant Secretary Mull noted that the U.S. has transferred

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significant funds to the Germans to strengthen their capability to act along the border, and that they would deploy unarmed personnel along the Syria-Lebanon border in November. Mull added that PM Siniora has been discussing with EU and Arab League representatives the idea of forming joint EU-Arab League units to patrol the border. If taken, such an action would fall outside the UNSCR 1701 framework. Syria, he noted, strongly opposes the idea, while the Europeans -- especially Germany, France and Italy -- appear very interested.

19. (S) A/ASD Long noted that CENTCOM Commander Admiral Fallon is scheduled to visit Lebanon on August 29 to develop a long-term plan for U.S. assistance to Lebanon on interdiction. SECDEF Gates is convinced that there needs to be an interdiction effort. She noted that discussions are under way with the French and Germans to see what could be "injected" quickly into Lebanon to provide Siniora quick support after the September elections.

IRAN: MOFAZ URGES MORE WORK ON SANCTIONS

110. (S) On Iran, Mofaz said that more needs to be done with sanctions to increase pressure on Iran's leadership. He indicated that Israel has information that it is willing to share about what specific impacts existing sanctions are having on Iran. In response, Under Secretary Burns noted

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that the U.S. shared Israel's concern about the lack of progress within the UNSC on a formal sanctions regime. IAEA Director General Mohammed El-Baradei's dialogue with Iranian negotiator Larijani on answers that Iran owes the IAEA is holding up action in the UNSC, as China and Russia have said they are prepared to wait for the answers before taking action that might upset it. The Under Secretary noted that the USG wants to start final negotiations in the UNSC on a third sanctions resolution in September, and that it would make top level approaches to the Chinese and Russians soon.

111. (S) Under Secretary Burns noted that Israel Atomic Energy Commission Director General Gideon Frank had underscored the need to keep an analytical focus on Iran's nuclear program so that we have some sense of when Iran might become nuclear capable. The Under Secretary noted the USG's sense that Iran has 1,300 - 1,500 centrifuges operating at its Natanz facility, but is still facing difficulties with enrichment. He urged that Israel and the U.S. stay in close touch at the expert level on this "moving target," and that U.S. and Israeli technical experts should share their analyses at the next SD. Ambassador Meridor cautioned that the U.S. and Israel should assume that, in addition to its program at Natanz, Iran also has a secret nuclear program.

112. (S) The Under Secretary shared the U.S. assessment of

where the Europeans stand on Iran's nuclear program. France, led by President Sarkozy, is America's strongest ally now among the main European partners. Britain remains strong under Prime Minister Brown's leadership. Germany and Italy are wavering due to concerns about commercial exposure, including debts to firms. The Under Secretary suggested that Israel could help by approaching the Europeans (e.g., Italy, Germany, Greece, Spain and the Netherlands) and asking them for stronger support. He added that the U.S. is trying to encourage the Gulf states, especially the UAE and Kuwait, to be more supportive.

THE STRATEGIC DIALOGUE

¶13. (S) Mofaz said good progress has been made on issues discussed at the previous U.S.-Israel Strategic Dialogue in June. Nevertheless, he said he was not sure that sanctions against Iran were moving "in the same direction" that the U.S. and Israel wanted them to move, and urged "joint evaluation" of their results, especially financial sanctions.

Mofaz proposed that the U.S. and Israel hold the next Strategic Dialogue in late October or early November to discuss both UNSCR 1701 and Iran sanctions. The Under Secretary said the he would be ready to return to Israel

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during the second half of October, and would try to bring with him more specific ideas on how to address UNSCR 1701 implementation and Iran sanctions.

PARTICIPANTS

¶14. (SBU) Accompanying Under Secretary Burns on the U.S. side were:

- Ambassador Richard H. Jones
- Acting Assistant Secretary for Political-Military Affairs Stephen Mull
- Acting Assistant Secretary of Defense for International Security Affairs Mary Beth Long
- NEA/IPA Deputy Director Nicole Shampaine
- Embassy Tel Aviv POL-MIL Officer (notetaker)

¶15. (SBU) Accompanying Minister Mofaz on the Israeli side were:

- Ambassador Salai Meridor, Israeli Ambassador to the U.S.
- Dan Arbell, Director, North America Division, MFA
- Eli Kamir, Chief of Staff to Minister Mofaz
- Talia Someh, Media Advisor to Minister Mofaz

¶16. (U) This cable was cleared by Under Secretary R. Nicholas Burns.

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